

16 August 2016

Faroe Petroleum plc

(“Faroe”, “Faroe Petroleum”, the “Company”)

Njord North Flank-2 exploration well commences drilling in the Norwegian Sea

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in Norway and the UK, is pleased to announce the commencement of the Njord North Flank-2 (“NF-2”) exploration well 6407/7-9 S (Faroe 7.5%).

The NF-2 prospect is located in Licence PL107C immediately north of the Njord field (Faroe 7.5%). The well will target Middle and Lower Jurassic sandstone reservoirs of the Ile and Tilje formations in a fault-bounded structural closure, with a TD in the Lower Jurassic Åre Formation. If successful, NF-2 could add further reserves and value to the Njord Future Project.

The NF-2 exploration well, located in approximately 323 metres of water, is operated by Statoil Petroleum AS (20%) using the Songa Delta drilling rig, with co-venturers ENGIE E&P Norge AS (40%), DEA E&P Norge AS (30%) and VNG Norge AS (2.5%). Results from the well will be announced when drilling operations have been completed.

Graham Stewart, Chief Executive of Faroe Petroleum commented:

“I am pleased to announce the spudding of the Njord North Flank-2 exploration well located in the Greater Njord Area, and in close proximity to the Njord field. NF-2 is a near-field exploration target, which provides further upside potential to Faroe in one of our core areas. If successful this will add another tie-in opportunity to the Greater Njord Area and the Njord Future Project, which also includes the high quality Snilehorn discovery.

“The NF-2 exploration well follows on from the significant Faroe operated Brasse oil and gas discovery well and side-track announced last month.”

– Ends –

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Andrew Roberts, Group Exploration Manager of Faroe Petroleum and a Geophysicist (BSc. Joint Honours in Physics and Chemistry from Manchester university), who has been involved in the energy industry for more than 25 years, has read and approved the exploration and appraisal disclosure in this regulatory announcement.

Notes to Editors

The Company has, through successive licence applications and acquisitions, built a substantial and diversified portfolio of exploration, appraisal, development and production assets in Norway, the UK and Ireland.

Faroe Petroleum is an experienced licence operator having operated several exploration wells successfully in Norway and the UK and is also the production operator of the Schooner and Ketch gas fields in the U.K. Southern Gas Basin. Faroe recently applied to be operator of two producing fields in Norway, Trym and Oselvar, which the Company has agreed to acquire from DONG Energy. Faroe also has extensive experience working with major and independent oil companies both in Norway and in the UK.

The Company's substantial licence portfolio provides a considerable spread of risk and reward. Faroe has an active E&A drilling programme and has interests in five principal producing oil and gas fields in the UK and Norway, including the Schooner and Ketch gas fields and the Blane oil field in the UK, and interests in the Brage and Ringhorne East fields in Norway. Full year average production for 2016 is estimated to be between 7,000 boepd and 9,000 boepd. In July 2016 the Company announced the acquisition of a package of Norwegian producing assets from DONG Energy including interests in the Ula, Tambar, Oselvar and Trym fields which together produced just under 10,000 boepd in the first four months of 2016.

In November 2013 and March 2014 Faroe announced the Snilehorn and Pil discoveries in the Norwegian Sea in close proximity to the Njord and Hyme fields. More recently, in July 2016 the Company announced the Brasse discovery next to the Brage field in Norway.

Norway operates a tax efficient system which incentivises exploration, through reimbursement of 78% of costs in the subsequent year. Faroe has built an extensive portfolio of high potential exploration licences in Norway which, together with its established UK North Sea positions provides the majority of prospects targeted by the Company's sustainable exploration drilling programme.

Faroe Petroleum is quoted on the AIM Market of London Stock Exchange. The Company is funded from cash reserves and cash flow, and has access to a \$200 million reserve base lending facility, with a fully funded committed drilling programme through 2016. Faroe has a highly experienced technical teams who are leaders in the areas of seismic and geological interpretation, reservoir engineering and field development, focused on creating exceptional value for its shareholders.

Njord North-Flank-2 Exploration well

